A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

JANUARY, 1985

SUMMARY

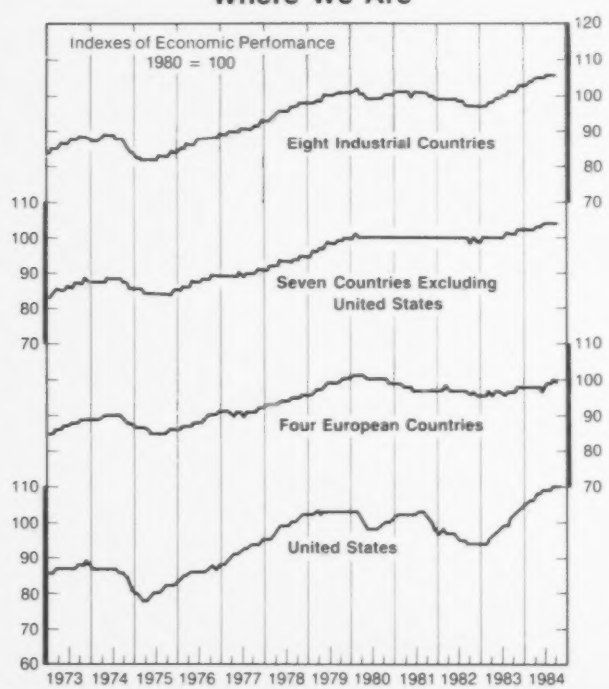
Latest readings show the business cycle taking a slight turn for the better around the world. This conclusion is supported by indexes of both the leading indicators and the economic performance measures.

West Germany has joined Japan and Australia with the fastest rising leading indexes, with annual growth rates in October of 10% for Japan and 7% for Germany and Australia. France's growth rate is close by, at 6%. For the other countries, the leading indexes are signaling slow growth: 3% for Italy and the United States, 2% for Canada, and 1% for the United Kingdom. All the leading index rates are positive, however, and that is true also for the economic performance indexes. In short, economic recovery is world-wide, but the pace ranges widely from slow to rapid. The slight improvement in the latest figures provides an encouraging hint that the sharp slowdown in the U.S. and most other countries in the second half of 1984 may be bottoming out.

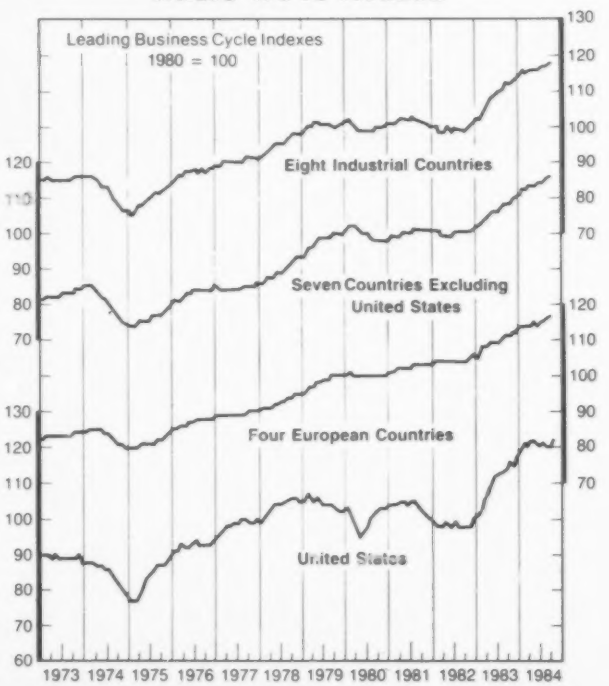
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
		annual rates, percent							
United States	3	11	8	6	9	4	3	Expansion slowing	Nov.
Canada	4	4	5	3	6	5	2	Expansion slowing	Oct.
United Kingdom	2	1	– 1	1	2	1	1	Slow revival starting	Oct.
West Germany	3	2	3	3	5	4	7	Recovery continuing	Oct.
France	4	– 2	2	2	10	7	6	Recovery continuing	Oct.
Italy	3	0	1	6	7	6	3	Recovery continuing	July/Sept.
Japan	5	5	4	3	11	9	10	Expansion continuing	Oct.
Australia	4	11	10	8	9	7	7	Expansion continuing	Oct.
8 countries	3	6	6	4	9	5	4	Expansion slowing	Oct.
7 countries ex. U.S.	4	3	3	3	8	6	6	Expansion continuing	Oct.
4 European countries	3	1	2	2	6	4	5	Expansion continuing	Oct.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



Where We're Headed



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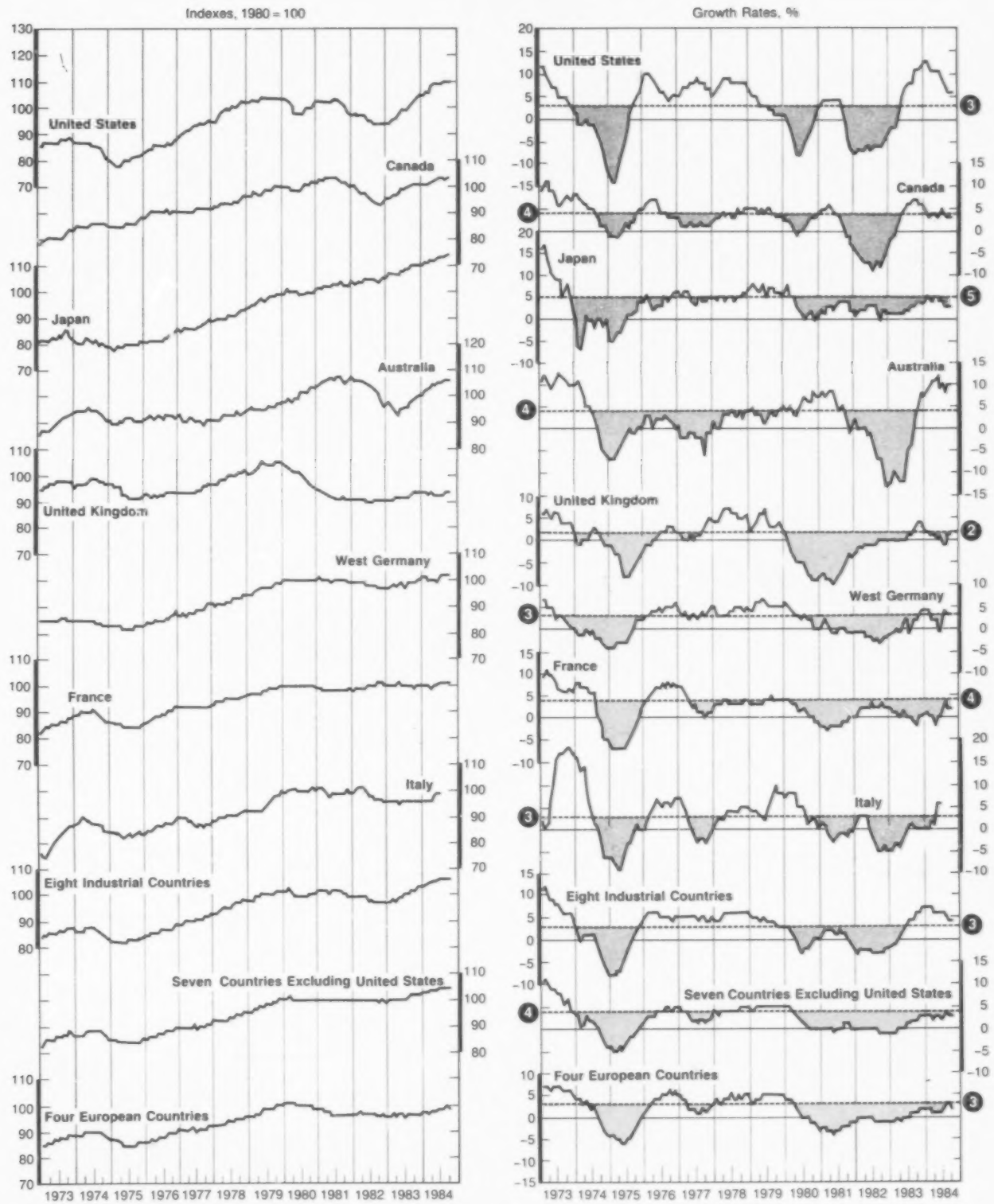
Where We Are

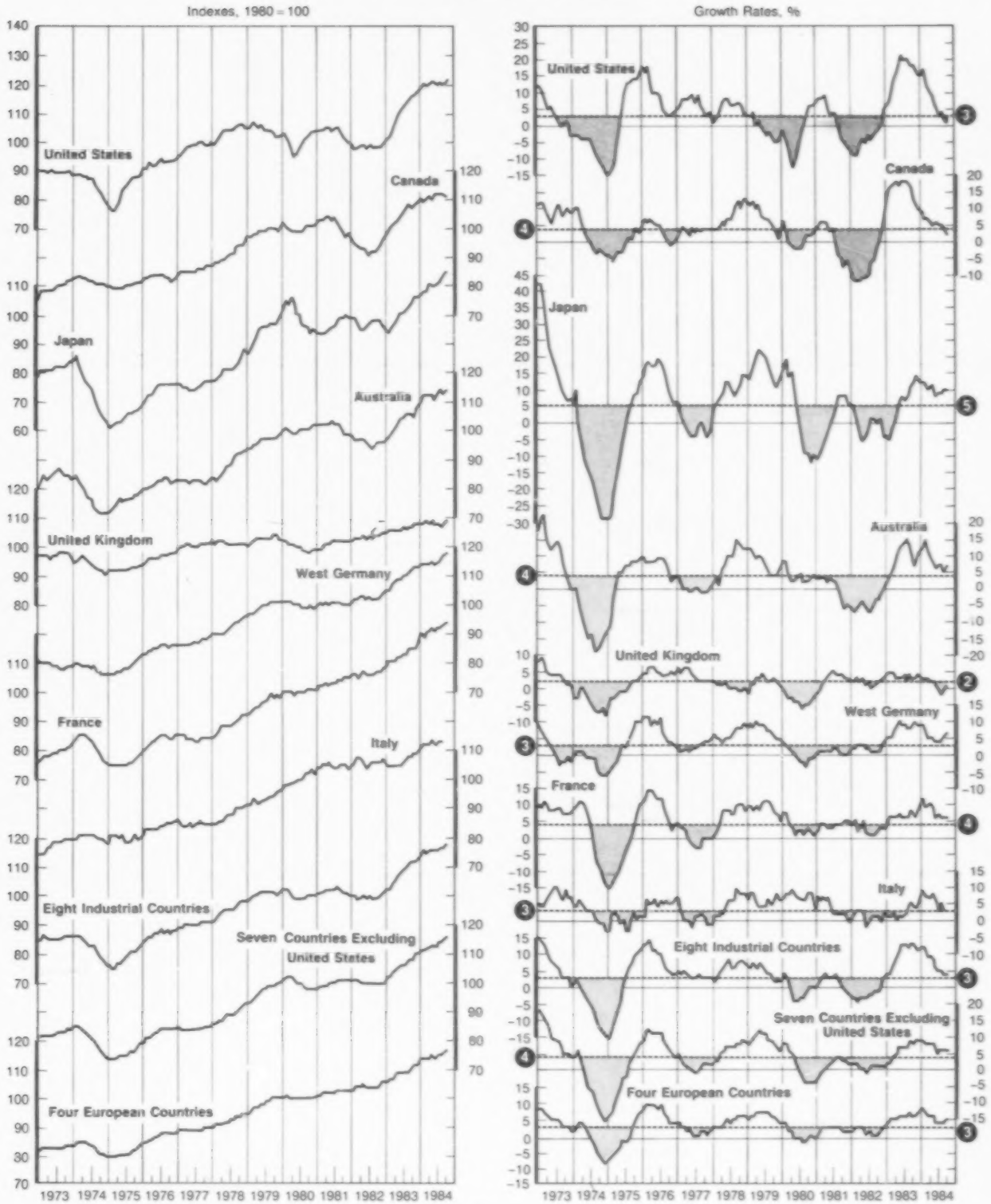
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

INDEXES, EIGHT COUNTRIES, 1983-84

		U.S.		Canada		U.K.		West Germany		France		Italy		Japan		Australia		8 Countries		7 Countries ex. U.S.		4 Countries Europe	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead
Apr.	83	96	107	97	102	92	106	97	107	100	111	95	105	107	97	94	101	98	105	100	104	96	108
May	83	97	109	98	103	92	106	98	109	100	112	95	105	107	99	93	103	99	107	100	105	97	108
June	83	98	111	99	104	92	106	99	109	100	112	96	105	108	101	95	104	99	108	100	106	97	108
July	83	99	112	99	105	92	107	97	109	100	113	96	106	108	101	95	105	100	109	100	106	97	109
Aug.	83	99	113	100	107	93	106	98	110	100	113	96	107	109	102	96	106	100	110	101	107	97	109
Sept.	83	101	114	100	108	93	107	99	111	100	115	96	108	109	103	96	106	101	111	101	108	97	110
Oct.	83	102	116	101	107	93	107	99	112	99	115	96	108	110	104	98	106	101	112	101	108	97	111
Nov.	83	103	116	101	108	94	107	99	113	100	115	96	108	110	106	99	105	102	112	102	110	98	112
Dec.	83	104	117	101	109	94	108	100	113	100	117	96	109	110	106	100	108	103	113	102	110	98	112
Jan.	84	105	119	101	110	94	108	101	114	100	120	96	111	110	107	100	110	103	114	102	111	98	114
Feb.	84	106	121	101	109	94	108	101	114	100	119	96	112	111	108	101	112	104	116	102	112	98	114
Mar.	84	106	120	101	110	93	109	100	114	100	120	96	112	111	108	102	112	104	115	102	112	98	114
Apr.	84	108	121	102	111	94	108	100	114	99	121	96	112	112	110	103	112	105	116	103	113	98	114
May	84	108	122	102	110	93	109	100	115	100	122	98	113	112	110	104	112	105	116	103	113	98	115
June	84	109	121	103	112	93	108	99	114	100	121	99	112	112	110	104	111	105	116	103	113	98	114
July	84	109	120	104	112	93	108	101	115	101	122	99	112	113	111	105	113	106	116	104	114	99	115
Aug.	84	109	121	104	112	93	107	102	116	101	122		113	113	112	105	114	106	117	104	114	99	115
Sept.	84	110	120	103	112	94	108	102	117	101	123		113	113	114	106	113	106	117	104	115	100	116
Oct.	84	110	120	104	111	94	109	102	118	101	124			114	115	106	114	106	118	104	116	99	117
Nov.	84	110	122																				
		Growth Rates, Percent																					
Apr.	83	2	15	2	18	0	3	–1	8	0	6	–4	0	2	1	–12	9	1	9	0	5	–1	5
May	83	5	18	4	17	0	3	1	10	1	7	–3	1	1	6	–12	12	2	11	0	7	0	6
June	83	7	21	5	18	0	4	2	9	0	6	–1	1	2	8	– 8	13	3	13	1	7	0	6
July	83	8	20	6	18	1	4	–1	9	0	6	1	2	2	7	– 5	14	4	13	1	7	0	6
Aug.	83	8	20	6	18	2	3	1	8	0	6	1	4	3	8	– 4	15	4	12	2	7	1	6
Sept.	83	10	18	7	17	3	4	2	9	–1	8	0	5	3	11	– 1	13	5	13	2	9	1	7
Oct.	83	11	18	7	13	3	3	2	9	–2	7	0	4	4	12	3	10	6	13	2	9	1	6
Nov.	83	11	16	6	12	4	3	3	10	0	6	0	4	4	14	5	7	6	12	3	9	2	6
Dec.	83	12	15	6	11	4	4	4	9	0	8	0	5	4	13	8	11	7	11	3	9	2	7
Jan.	84	13	15	5	9	2	3	4	9	1	12	0	9	4	12	7	12	7	12	3	9	2	8
Feb.	84	13	17	4	7	2	3	4	7	0	9	0	8	5	12	8	15	7	12	3	8	2	7
Mar.	84	11	12	3	7	1	3	2	5	0	9	2	7	4	10	11	12	6	9	2	8	1	6
Apr.	84	11	10	4	6	1	2	2	5	–2	10	1	7	5	11	11	9	6	9	3	8	1	6
May	84	11	9	3	5	0	2	2	5	0	9	3	8	5	10	12	8	6	8	3	7	1	6
June	84	11	6	4	6	1	0	–1	4	0	6	6	6	4	8	9	6	6	6	2	5	1	4
July	84	9	3	5	5	–1	1	3	4	2	7	6	3	4	9	10	7	6	5	3	6	2	4
Aug.	84	8	4	4	5	–1	–2	4	4	3	6		5	4	9	8	7	5	5	4	6	3	4
Sept.	84	7	2	3	4	1	–1	3	5	2	6		3	3	10	8	5	5	4	3	6	3	4
Oct.	84	6	1	3	2	1	1	3	7	2	6			3	10	8	7	4	4	3	6	2	5
Nov.	84	6	3																				
		Ten Year Annual Growth Rate, Percent																					
1969–79		3	3	4	4	2	2	3	3	4	4	3	3	5	5	4	4	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across the Board*, April 1980 and *Business Cycles, Inflation and Forecasting*, Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationary trends.

The indexes for the eight industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

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